

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -AUGUST 19, 2008- -7:30 P.M.

Mayor Johnson convened the Regular Meeting at 7:50 p.m. Commissioner Torrey led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(08-341) Mayor Johnson announced that the Presentation to the Climate Protection Task Force Members [paragraph no. 08-342] and the Resolution of Appointment [paragraph no. 08-343] would be heard first; and that the Public Hearings to consider appeals [paragraph nos. 08-353 and 08-354] were withdrawn.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(08-342) Presentation to the Climate Protection Task Force Members recognizing their efforts for the successful completion of the award-winning Local Action Plan for Climate Protection.

Mayor Johnson thanked the members on behalf of the entire community.

Mr. Burton stated a Community Action for Sustainable Alameda kick-off meeting would be held on September 17, 2008 at the "O" Club at Alameda Point.

Mayor Johnson presented certificates to Andrew Cunningham, Michael Krueger, Ann McCormick, David Burton, and Lizette Weiss.

REGULAR AGENDA ITEM

(08-343) Resolution No. 14959, "Appointing Jane Q. Lee as a Member of the Transportation Commission (School District Seat)." Adopted.

Councilmember Matarrese moved adoption of the resolution.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5.

The City Clerk administered the Oath of Office and presented Ms. Lee with a certificate of appointment.

Mayor Johnson called a recess at 7:58 p.m. to hold the Special Joint City Council, Alameda Reuse and Redevelopment Authority, and Community Improvement Commission Meeting and reconvened the Regular City Council meeting at 8:41 p.m.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(08-344) Presentation by the League of Women Voters on the Redistricting Measure.

The League of Women Voters members gave a Power Point presentation.

CONSENT CALENDAR

Councilmember Matarrese moved approval of the Consent Calendar.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5. [Note: Councilmember Gilmore abstained from voting on the minutes.]

[Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-345) Minutes of the Regular City Council Meeting held on August 5, 2008. Approved.

[Note: Councilmember Gilmore abstained from voting on the minutes.]

(*08-346) Ratified bills in the amount of \$2,807,590.17.

(*08-347) Recommendation to accept the Quarterly Investment Report for period ending June 30, 2008. Accepted.

(*08-348) Recommendation to award a Contract in the amount of \$166,183, including contingencies, to Chrisp Company for Annual Striping, Phase 6, No. P.W. 10-07-31. Accepted.

(*08-349) Recommendation to accept the work of Golden Bay Construction, Inc. for repair of Portland cement concrete sidewalk, curb, gutter, driveway, and minor street patching, Fiscal Year 2006-2007, Phase 8, No. P.W. 08-06-18. Accepted.

(*08-350) Recommendation to adopt Plans and Specifications and authorize Call for Bids for Citywide sewer mains and laterals video inspection, Phase 2, No. P.W. 07-08-19. Accepted.

(*08-351) Recommendation to appropriate \$46,600 in Dwelling Unit Tax monies to Rittler Park irrigation and field renovation improvements, No. P.W. 11-07-34. Accepted.

(*08-352) Resolution No. 14260, "Approving Final Map and Accepting Associated Dedications and Easements for Tract 9689 (Esplanade)." Adopted.

(*08-353) Resolution No. 14261, "Approving Street Names for the Grand Marina Project." Adopted.

REGULAR AGENDA ITEMS

(08-354) Public Hearing to consider an Appeal of the Planning Board's Conditional Approval of a Major Design Review for an Addition and a Remodel that Includes Raising a Single-Family Structure and Constructing a Detached Two-Story Dwelling Unit at 3327 Fernside Boulevard, Within the R-2, Two-Family Residential Zoning District; and adoption of related resolution. **Withdrawn.**

(08-355) Public Hearing to consider an Appeal of the Planning Board's denial of a Variance and Major Design Review to build an 868 square foot hobby woodworking structure at 1607 Pearl Street / 2622 Edison Court, within the R-1, One Family Residence District; and adoption of related resolution. **Withdrawn.**

(08-356) Recommendation to adopt the Alameda Theatre Community Use Policy and Fee Schedule.

The Redevelopment Manager gave a brief presentation.

Mayor Johnson stated the Theatre is an unusual facility for the City to have and is even more unusual because there is a Theatre operator; minimum attendance should be 400 or 500 people; the "O" Club could be used for 200 people; the Theatre should not be closed down for an event for 200 people; staffing should be set at a minimum level; the level could be increased based on the event; staffing should be provided by the Theatre; the security deposit needs to be higher for non-profits; the Theatre should not be made available to non-profits seven days a week; days and hours should be restricted; that she does not like the idea of first-come, first-serve; a prioritization process should be in place; local government and the School District should have first priority; the Theatre could be available to non-profits if there are days left over; non-profits should have to complete an application and selection process.

The Redevelopment Manager stated staff discussed a prioritization

process but had concerns with the structure.

Mayor Johnson stated a great use [of the Theatre] would be having a speaker series in conjunction with Peralta College and the School District.

Councilmember Matarrese stated the security deposit is too low; users should be required to get a one-day damage insurance policy.

Councilmember deHaan concurred with Councilmember Matarrese; stated the Theatre is a valuable asset; previous discussions involved cultural events and using the stage and venue to the utmost; that he would love to have an oversight committee to deal with setting priorities; that he has concerns with using the Theatre for graduations.

Vice Mayor Tam stated that she concurs that the Theatre is a precious asset; \$30 million of public money was spent; the Theatre is similar to the Meyer's House, which has a limited time of operation and has a lot of restrictions; alcohol is allowed at the Theatre; the other seven theatres would be available for movie viewing; the Theatre was used for the Alameda County Mayor's Conference; non-profits do good work for the City and should get some priority; that she concurs with Councilmember deHaan regarding having an oversight committee.

Councilmember deHaan stated uses should be flushed out.

Councilmember Gilmore stated that she concurs with Mayor Johnson regarding not shutting down the Theatre for 200 people; inquired whether the mezzanine and balcony would be shut down if the auditorium were shut down.

The Redevelopment Manager responded the balcony would be shut down; the mezzanine would be shut down if the user wanted to use the area for the event.

Councilmember Gilmore stated the City has other facilities to accommodate 200 people.

Mayor Johnson stated there should be full cost recovery and a charge for utilities and staffing; knowing the minimum staffing level required to protect the asset is important; the maximum way to use the Theatre would be musical performances, speaker series, and community events with 700 or more people.

The Redevelopment Manager inquired whether Council would like staff to come back with a revised policy, to which Council responded in

the affirmative.

(08-357) Resolution No. 14262, "Amending Master Fee Resolution No. 12191 by Changing Various Chuck Corica Golf Complex Rates." Adopted.

The Interim Golf Manager gave a brief presentation.

Jane Sullwold, Golf Commission Chair, stated the Golf Commission has difficulty with imposing resident fee increases; residents have been getting an incredible break in the past.

Councilmember deHaan inquired why the junior fee would remain at \$1.00.

Ms. Sullwold responded the Junior fee was not changed because of the basic formula used for the rate increases and the political sensitivity of the matter; stated the Northern California Golf Association (NCGA) reimburses the Golf Complex up to \$8.00 for both resident and non-resident Junior golfers.

Mayor Johnson inquired whether having annual passes makes sense.

Ms. Sullwold responded annual passes generated approximately \$42,820 last fiscal year.

Mayor Johnson inquired whether annual pass rounds are tracked.

Ms. Sullwold responded tracking is done on the number of people who play on passes; stated the average pass holder plays approximately ten rounds per month.

Mayor Johnson inquired whether the annual pass fee would be raised.

Ms. Sullwold responded in the affirmative; stated the Golf Commission feels that the annual pass ranking should be senior residents, residents, senior non-residents, and non-residents.

Mayor Johnson inquired whether the nine-hole rate is new.

Ms. Sullwold responded in the negative; stated the rate is for early morning and late evening play.

Mayor Johnson stated that she is okay with trying out the fee increases; play impact should be watched carefully; Golf Course revenue needs to pay for operating costs and funds should be put aside for long-term maintenance and infrastructure; inquired whether the proposed fees would cover the operating expenses if

there is no decline in play.

Ms. Sullwold responded in the affirmative; stated the approved budget anticipates a 10% decline in play.

Mayor Johnson stated the goal is to break even; the Golf Commission should consider a surcharge for maintenance and infrastructure costs; the Golf Course cannot continue to deteriorate.

Ms. Sullwold stated that she would be concerned with imposing a \$2.00 surcharge after adopting the fee increases; the Request for Proposals (RFP's) are due on August 27, 2008; good solutions might be provided; a surcharge would not generate enough money needed for capital improvements.

Mayor Johnson stated a lot of people want to leave things as is.

Ms. Sullwold stated that she is hearing a lot of resistance to privatization; that she feels the Golf Course needs a strong manager on a full-time basis.

Mayor Johnson stated operating costs need to be covered as well as long-term maintenance and infrastructure improvements.

Ms. Sullwold stated that she has not heard a lot of negative feedback on the proposed fee increases.

Councilmember deHaan inquired whether the golf courses have always had separate fees.

Ms. Sullwold responded in the negative; stated separate fees were initiated in April, 2007; a consultant suggested separate fees because the Earl Fry Course is the premium Course; the consultant thought that the Earl Fry fee increase would transfer more demand to the Jack Clark Course; the problem was that there was not enough of a fee differentiation; Golf Digest sent a letter to the Golf Course stating that the Jack Clark Course is recognized as one of the top one hundred municipal courses in the country.

Vice Mayor Tam requested clarification on the \$700,000 Golf Course estimated shortfall for the next fiscal year; inquired whether the fee structure was examined to bring fees up to a level that the market could bear and would close the estimated operating gap; further inquired whether the surcharge was intended for maintenance, operation, and capital improvements.

The Interim Golf Manager responded the approved budget contains an estimated \$150,000 expenditure for Risk Managers and results in the

\$700,000 deficit; stated a fee structure that would totally eliminate the deficit was never examined.

Vice Mayor Tam inquired whether the increase in play over the last five months could offset any potential decline as a result of the proposed fee increases.

The Interim Golf Manager responded the increase in rounds was from the short course and was a direct result of fee reductions; stated the downward trend will continue for the next couple of years; the economy is in tough shape; further stated the original surcharge was not earmarked for capital improvements, but went back into the General Fund.

The City Manager stated the original surcharge was established in 1991.

Councilmember Matarrese requested a progress report for the last two months, including revenues and rounds by course; further requested continual tracking; stated that he would like to approve the increases, see how things go, and review the real numbers when the RFP's come back.

The Interim Golf Manager stated that reports are provided to the Golf Commission each month; reports can be forwarded to Council.

Councilmember deHaan inquired whether the \$700,000 shortfall had a write-off of \$400,000 [in golf cart savings].

The Interim Golf Manager responded \$400,000 is not included in the next few years; some of the money should be made back; the monthly golf cart lease payment would go to the vendor in the next three years.

Jon Hasegaw, Alameda, stated that he is against the fee increase; more people will come back to play if the fee is reduced.

Mayor Johnson inquired what is the cost per round based on operations, to which the Interim Golf Manager responded just under \$39.00.

Mayor Johnson stated almost everyone is paying less than the cost per round.

The Interim Golf Manager stated there are other revenue sources such as golf cart rentals and restaurant concessions; golf cart rentals generate approximately \$20,000 per year.

Mayor Johnson encouraged golfers to participate in the effort to save the Golf Course and not just complain about what other people are proposing; inquired what would be the trigger point if play declines with the proposed fee increases.

Ms. Sullwold responded rounds should be reviewed at the end of the first month after the proposed fees go into affect.

The Interim Golf Manager stated the proposed fees would go into affect September 1st.

Mayor Johnson stated the review could be placed on the October City Council agenda, or could be dropped from the agenda if there is no decline in play.

Councilmember Matarrese stated the matter should come back to Council regardless.

Councilmember Matarrese moved approval of the staff recommendation with direction to provide a monthly review starting one month after implementation of the fee increases.

Ms. Sullwold stated updates could be provided at the second City Council meeting every month.

Councilmember Matarrese stated that he would like to have the matter come back so that Council could choose to act or not.

Councilmember Matarrese restated the motion to approve the rate increase recommended by the Golf Commission and staff, and direct staff to monitor the matter on a monthly basis starting in October.

Councilmember Gilmore inquired whether monitoring would be in the form of written reports from the Interim Golf Manager.

Councilmember Matarrese responded he would like the matter to be presented at Council meetings every month starting in October.

Mayor Johnson seconded the motion, which FAILED by the following voice vote: Ayes: Councilmember Matarrese and Mayor Johnson - 2. Noes (via non-response): Councilmembers deHaan, Gilmore, and Tam - 3.

Councilmember deHaan stated that he understands the desire to increase fees; resident golfer fees were \$80.00 in 2002; he would have liked to have more data available on fee increases over the past years.

The Interim Golf Manager stated fees were increased in 2004 and 2007.

Councilmember deHaan stated that anticipating more play with increased fees does not wash.

Mayor Johnson stated that she does not like the idea of raising rates and neither does the Golf Commission; she is relying on the Golf Commission's recommendation because they are much more involved; she is concerned that the proposed fee increases might cause a decline in play; the matter would come back to Council in October; the City cannot keep operating at the current deficit and save the Golf Course.

Councilmember deHaan stated Council was aware of the problem three years ago and should have addressed the issue then; he does not think that the proposed fee increases are the salvation to the problem.

Mayor Johnson stated Council and the Golf Commission have not been in a state of inaction over the Golf Course; a golf fee study was done several years ago; there has been a substantial change in personnel in the last two years; the change has been positive; the golf environment gets worse and worse as time goes on.

Councilmember Gilmore inquired how the City's fees compare to the closest competitor.

The Interim Golf Manager responded the City's fees are lower by a substantial amount; stated other courses are completely renovated, have newer amenities, and better drainage.

Vice Mayor Tam inquired what is the differential between resident and non-resident fees at other golf courses.

Ms. Sullwold responded resident discounts are more substantial.

Mayor Johnson stated there should be a greater difference in resident and non-resident rates; the Golf Course is in a crisis mode; inquired what would happen if the proposed fee increases are not adopted.

Ms. Sullwold stated the Golf Commission anticipated that the new fees would cause as much as a 10% decline in every category, but would still generate approximately \$163,000; the Golf Commission cannot think of anything else to do to balance revenues against expenses; expenses have been cut as close to the bone as possible.

Mayor Johnson stated that rate increases have occurred, but operating expenses have increased also.

Ms. Sullwold stated that the 2007 rate increase was insignificant, and had no impact on demand for play.

Councilmember Matarrese stated the motion recognizes the Golf Commission's work; there are not too many other choices; the cost to produce a round of golf is approximately \$39.00, and fees are less than \$39.00; the golfing public needs to help save the Golf Course.

Councilmember Gilmore thanked Ms. Sullwold for providing the history on fee increases; stated that she is more comfortable with supporting the proposed fee increases.

Councilmember deHaan inquired whether consideration was given to raising all of the Jack Clark fees to the current Earl Fry fees, and increasing the monthly fees by 10%-15%.

Ms. Sullwold responded the Golf Commission considered a similar case scenario; stated not enough money would be generated; raising all Jack Clark rates to Earl Fry rates would generate approximately \$100,000; a 10% annual pass increase would generate approximately \$40,000; the Golf Commission was trying to come up with something more substantial; the Golf Commission ran a scenario of trying to raise all rates to a level that would generate \$700,000 additional income and the rates were astronomical.

Vice Mayor Tam stated that she is not opposed to raising fees; inquired whether there is any way to recover the cost per round with the fee structure.

Ms. Sullwold responded \$39.00 is the average cost per round; stated some rounds are priced higher, some lower; rates need to be lower than more desirable competitors; the City does not offer some of the same amenities as competitors.

Vice Mayor Tam stated the Golf course would be resigned to forever losing money if operating costs cannot be met.

Ms. Sullwold stated the Golf Course could be in the black if a fee increase generates \$300,000, an operator does some marketing and promotion, and strong management is in place.

Councilmember deHaan stated approximately \$1 million is being taken out of the operating budget; Council is willing to lose \$500,000 in General Fund revenue when the operator comes in.

Councilmember Gilmore stated Council has not reached that point yet; contracting out would insulate the City from the risk of losing the Golf Course.

Councilmember Matarrese stated the proposed increases would be closer to the real cost of providing a round; many decisions would have to follow.

Councilmember Matarrese reintroduced the motion to approve the increases presented by the Golf Commission and staff with direction to review the outcome at the second City Council Meeting in October.

Mayor Johnson stated the proposed increases would not solve the Golf Course problems, but would slow the bleeding.

Vice Mayor Tam seconded the motion.

Under discussion, Vice Mayor Tam stated adoption of the proposed fees is a band aid that hopefully will stop some of the bleeding.

Councilmember Gilmore stated saving golf for the City is important; saving or padlocking the Golf Course are the two choices; that she supports the motion.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers Gilmore, Matarrese, Tam, and Mayor Johnson - 4. Noes: Councilmember deHaan - 1.

ORAL COMMUNICATIONS, NON-AGENDA

(08-358) Joe McNiff, Alameda Police Officers Association, stated the Association has been in negotiations since November 2007, which is the longest negotiation process the Association has participated in; outlined services provided.

COUNCIL REFERRALS

(08-359) Report on Fire and Police Department calls.

The Police and Fire Chiefs provided a brief report.

Councilmember Gilmore inquired what type of services are grouped into the Public Service Assistance category.

The Fire Chief responded services include cutting a ring off, or a child getting caught in playground equipment.

Mayor Johnson stated that she does not have any problem with medical assist calls or lock outs, but she does have a problem with lock ins; a lock in should be handled by a locksmith; the Fire Department no longer gets people into locked vehicles because claims were filed for damages; she considers a water leak a plumbing issue; the Fire Department repeatedly responds to elevator calls.

The Fire Chief stated that elevator calls could be coded differently.

Mayor Johnson stated that owners should be discouraged to rely upon the Fire Department for elevator calls; owners should be charge appropriately to encourage proper maintenance of buildings.

The Fire Chief stated staff could review what the appropriate fee should be; the cost of collection would need to be reviewed.

The City Manager stated an analysis would need to be done; an analysis would take approximately four weeks.

The Police Chief stated the Police Department ceased responding to lock outs.

Mayor Johnson inquired whether the Fire Department responds to house or car lockouts.

The Fire Chief responded in the affirmative; stated responses totaled 37 in 2007.

Vice Mayor Tam inquired whether there is a fee schedule for false alarms, to which the Fire Chief responded in the affirmative.

Vice Mayor Tam inquired whether businesses are charged through direct means, to which the Fire Chief responded in the affirmative.

Vice Mayor Tam stated previous discussions involved trying to maintain Fire Department staffing levels at twenty-seven per shift to avoid brown outs; inquired whether the ability to maintain a certain level of staffing would be compromised [for responding to lock ins and lockouts].

The Fire Chief responded in the negative; stated the calls are low priority; staff would be leave the call if a higher priority call was received.

Councilmember Matarrese inquired whether overtime would incur.

The Fire Chief responded in the negative; stated overtime would incur if there were multiple, major emergencies at the same time; stated non-emergency calls do not incur overtime.

Councilmember deHaan inquired whether other cities charge for calls.

The Fire Chief responded that some cities charge for water evacuation and lock in/lock out calls.

Mayor Johnson stated substantial cost recovery fees should be imposed for elevators being stuck in commercial buildings.

The Fire Chief inquired whether Mayor Johnson was referring to a charge for the response cost.

Mayor Johnson responded in the affirmative; stated a basic fee could be charged, plus an amount per hour or half hour.

The Fire Chief inquired whether a residential lock in or lock out would have a full cost recovery or flat fee.

Mayor Johnson responded the fee should be high enough to make residents think twice about calling the Fire Department rather than a locksmith.

Councilmember deHaan inquired whether there is a way to track whether an elevator call is repetitive.

The City Manager responded the matter can be researched; stated that power outages differ from maintenance issues; research would be done on what other cities charge.

Councilmember Matarrese inquired whether there is a formalized procedure for diverting repeat calls to other agencies.

The Fire Chief responded in the affirmative; stated the City received a grant to put together a program to deal with repeat fall victims who need to be directed to some other social service to get attention and care.

The Police Chief stated that the Police Department works with a number of social agencies also.

Mayor Johnson stated that direction to review fees is the same for the Fire Department and Police Department.

Vice Mayor Tam stated that she received a call from a gentleman who believes that the City is issuing more tickets and citations in order to generate a quota.

The Police Chief stated the Police Department always provides police services that are not disparate in any way and are very appropriate and professionally managed and delivered; fees are not based on a quota.

Vice Mayor Tam stated the gentleman is an Oakland Police Officer who lives in Alameda and perceives that his neighborhood is being targeted.

The Police Chief stated that he would talk to him.

(08-360) Consideration of creating an Ordinance Establishing an Irrevocable Trust Fund for Other Post Employment Benefits (OPEB).

Councilmember Matarrese stated the referral outlines and references a January 15, 2008 report showing accrued liability for OPEB; the projected accrual was \$75 million; currently, the City is using the "pay as you go" approach; requested that Council consider an ordinance establishing an Irrevocable Trust Fund which would include a minimum annual contribution as a percentage of the General Fund budget; further requested that the Fiscal Sustainability Committee recommend a minimum fund contribution level to be included in the ordinance; Council would review the ordinance so that funding the liability could start this year.

The City Manager stated staff recommends research be continued and addressed at the Fiscal Sustainability Committee August 26 meeting; the timeline [for adopting the ordinance] would be mid October or November.

Councilmember Matarrese stated the end goal is to have the ordinance move along in parallel with starting funding this year; the commitment is already made.

Councilmember deHaan stated the intent is to put the ordinance in place, but not indicate the dollar amount.

Councilmember Matarrese stated the dollar amount would be left blank.

The Interim Financial Director stated other cities have considered other options beyond a trust alternative; that she has five significantly different options for Council consideration.

Mayor Johnson stated payments need to start now and should have started before.

Councilmember Matarrese stated the Government Accounting Standards Board (GASB) is a reporting requirement; a commitment has been made to fund retirement and the City needs to pay for it.

The Interim Finance Director stated the obligation is to demonstrate that the City can financially handle the payment, not necessarily fund it.

Councilmember Matarrese stated that showing the ability to pay for OPEB and paying for it are two different things; that he does not want to push off the liability onto another Council.

Councilmember Gilmore stated choosing the ordinance route might be premature given the fact that the Interim Finance Director will come back with alternatives; she would like to hear the alternatives and then choose the appropriate mechanism with the understanding that the City would start doing something.

Councilmember Matarrese stated payment has to start this year; the longer the City waits, the higher the liability becomes; the City needs to start putting money in the bank by December 2008.

Mayor Johnson stated that she wants to ensure that a minimum amount of money would go to pay for the obligations.

Councilmember deHaan stated that he does not see a problem with establishing an ordinance now.

Mayor Johnson stated that Councilmember Matarrese is suggesting a parallel process.

Vice Mayor Tam stated that she appreciates trying to be aggressive; she would like to have a full vetting regarding an ordinance versus a policy restricting the City's future negotiation ability.

Councilmember Matarrese stated the matter could be discussed with the ordinance; that he would like to have formal Council direction.

Councilmember Matarrese moved approval of directing staff to move forward on the matter.

Councilmember deHaan seconded the motion.

The City Manager stated that staff would meet with the Fiscal Sustainability Committee on August 26; staff would provide

information on the fund balance to Council mid September.

Councilmember deHaan discussed the Council Referral process; stated the City Manager is to advise Council on the cost for staff to address the issue and whether priorities would be displaced.

Councilmember Matarrese inquired whether the recommendation from the Fiscal Sustainability Committee would come to Council in October, to which the City Manager responded in the affirmative.

COUNCIL COMMUNICATIONS

(08-361) Consideration of Mayor's nominations for appointment to the Youth Advisory Commission. **Continued.**

(08-362) Councilmember deHaan requested that Council consideration of support for Proposition 11 be placed on the next agenda.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 11:27 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA)
AND COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -AUGUST 19, 2008- -6:00 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 6:15 p.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners
deHaan, Gilmore, Matarrese, Tam, and
Mayor/Chair Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(08-337 CC) Conference with Labor Negotiators; Agency Negotiators:
Human Resources Director and Craig Jory; Employee Organization:
Firefighters IAFF.

(08-338CC/ARRA/08-44CIC) Conference with Real Property Negotiators;
Property: Alameda Point; Negotiating parties: City Council, ARRA,
CIC, and SunCal; Under negotiation: Price and terms.

Following the Closed Session, the Special Meeting was reconvened
and Mayor/Chair Johnson announced that regarding Labor, Council
received a briefing on an offer made by IAFF; no action was taken;
regarding Real Property, Council, Board Members, and Commissioners
received a briefing from its Real Property Negotiators regarding
price and terms for conveyance and development of Alameda Point;
direction was given to Real Property Negotiators.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the
Special Joint Meeting at 7:35 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown
Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA), AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -AUGUST 19, 2008- -7:27 P.M.

Mayor/Chair Johnson convened the Special Meeting at 8:01 p.m.

ROLL CALL - Present: Councilmembers/Board Members/Commissioners
deHaan, Gilmore, Matarrese, Tam and
Mayor/Chair Johnson - 5.

Absent: None.

CONSENT CALENDAR

Vice Mayor/Board Member/Commissioner Tam moved approval of the Consent Calendar.

Councilmember/Board Member/Commissioner Matarrese seconded the motion, which carried by unanimous voice vote - 5. [Note: Councilmember/Commissioner Gilmore abstained from voting on the August 5, 2008 minutes.]

[Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-339CC/*ARRA/*08-45CIC) Minutes of Special ARRA meeting held on July 1, 2008 and the Special Joint City Council and Community Improvement Commission Meeting held on August 5, 2008. Approved.

[Note: Councilmember/Commissioner Gilmore abstained from voting on the August 5, 2008 minutes.]

(*ARRA) Recommendation to authorize negotiation and execution of a Sublease for RockWall Wine Company, Inc. at Alameda Point. Accepted.

(*ARRA) Recommendation to authorize negotiation and execution of a Sublease for Auctions by the Bay, Inc. at Alameda Point. Accepted.

(*ARRA) Recommendation to authorize the Executive Director to enter a Contract, through PM Realty Group, with General Construction Company to Dredge the Alameda Point Channel and Turning Basin in an Amount Not to Exceed \$2,586,675. Accepted.

AGENDA ITEMS

(08340CC/ARRA/08-46CIC) Recommendation to concur with the Non-Binding Summary of Terms and Conditions for a transfer of the Exclusive Negotiation Agreement with SCC Alameda Point LLC to a New Entity with D.E. Shaw or transfer of an Ownership Interest in the SCC Alameda Point LLC to D.E. Shaw; and

(08-340A CC/ARRA/08-46A CIC) Recommendation to authorize the City Manager/Executive Director to negotiate a Second Amendment to the Exclusive Negotiation Agreement with SCC Alameda Point LLC.

The Base Reuse and Community Development Manager gave a brief presentation.

Mayor/Chair Johnson opened the public portion of the meeting.

Proponents (In favor of the staff recommendation): Michael Krueger, Alameda; Helen Sause, Housing Opportunities Make Economic Sense; Doug Biggs, Alameda Point Collaborative.

Neutral: Richard Bangert, Alameda; Elizabeth Krase, Alameda.

There being no further speakers, Mayor/Chair Johnson closed the public portion of the hearing.

Mayor/Chair Johnson stated that a financial partner is being considered; density and transportation issues are not relevant tonight.

Vice Mayor/Board Member/Commissioner Tam requested clarification of the confidentiality of the term sheet.

The City Attorney stated the term sheet is a confidential real property document and is being negotiated; discussing the document in Closed Session is appropriate.

Councilmember/Board Member/Commissioner Matarrese inquired whether the term sheet would be disclosed at some point.

The City Attorney responded the term sheet would be disclosed once the project is finalized.

Vice Mayor/Board Member/Commissioner Tam stated everyone is encouraged that the Master Developer is able to secure a funding partner in difficult economic times; the Master Developer is willing to pay for the planning process as well as the \$108.5 million conveyance cost; written assurance is being sought to

ensure that D.E. Shaw and SunCal would be committed to each other for the duration of the Exclusive Negotiation Agreement (ENA); a commitment has been made on behalf of the community; a lot of momentum has been generated; the process has been open and straight forward; she supports directing staff to ensure that the ENA reflects the City's commitment to have SunCal selected as the Master Developer and to ensure that the timeline in the term sheet between D.E. Shaw and SunCal comports with the timeline expected for the planning process with SunCal.

Councilmember/Board Member/Commission Matarrese stated that he wants to ensure that the City would have the ability to terminate the ENA if SunCal was removed from the position of Master Developer; D.E. Shaw would be a financial partner, not the developer; the timeline should be kept the same; direction should be provided to the City Manager/Executive Director to negotiate the amendments to the ENA.

Councilmember/Board Member/Commissioner deHaan requested background information on the timeline.

The Base Reuse and Community Development Manager stated currently, the ENA has a twenty-four month term; the City is thirteen months into the term; the ENA expires July 19, 2009; the ENA has a provision for progress expansion and mutual extension; the ENA allows for an automatic progress expansion if the project moves forward; a mutual extension could be granted for up to twelve months if there are third party entities; when the ENA was initially approved, requirements were not in place mandating that a conveyance term sheet be completed within nine months from the effective date of legislation; legislation may be approved next month or may not be approved until March, 2009; SunCal has a land plan that would require approval by initiative, which is not a timeframe that is consistent with the July 2009 expiration.

Councilmember/Board Member/Commissioner deHaan inquired what the ballot measure would be.

The Base Reuse and Community Development Manager responded SunCal revealed a land plan showing 4,000 units; units could increase to 6,000 in the event of a long-term transit solution; both plans are not consistent with the City's Charter; SunCal understands and recognizes that the land plans would need to qualify for the ballot and be approved by initiative.

Councilmember/Board Member/Commissioner deHaan inquired whether

there is a land plan that represents Measure A.

The Base Reuse and Community Development Manager responded SunCal is not working on a Measure A compliant plan as part of the community process.

Councilmember/Board Member/Commissioner deHaan inquired whether SunCal would have a fallback position if the measure did not qualify.

The Base Reuse and Community Development Manager responded staff would recommend terminating the ENA at that point because there would not be a project.

Councilmember/Board Member/Commissioner deHaan inquired whether SunCal would be willing to stay in the project if the measure did not pass.

The Base Reuse and Community Development Manager responded SunCal might be willing; stated the question is whether the City would be willing to keep SunCal as a partner.

Councilmember/Board Member/Commissioner deHaan inquired what SunCal's position would be if the measure did not pass.

Pat Keliher, SunCal, responded that SunCal wants to have some type of fallback plan; stated SunCal is looking at Measure A compliant plans internally.

Councilmember/Board Member/Commissioner deHaan inquired whether SunCal would still be willing to be in the process if the plan was Measure A compliant.

Mr. Keliher responded that today, SunCal would not want to walk away from Alameda Point; stated SunCal would like to look at other alternatives.

Councilmember/Board Member/Commissioner deHaan inquired whether SunCal was in for the long-term, to which Mr. Keliher responded of course.

Councilmember/Board Member/Commissioner Gilmore thanked SunCal and D.E. Shaw for transparency and honesty with the public; stated the City went through a very long, public process to select SunCal as the Master Developer; D.E. Shaw has a lot of say in the term sheet provisions regarding what could potentially happen at Alameda Point; that she will be looking very closely at the Operating

Agreement to ensure that SunCal remains the Master Developer; SunCal has been straight forward with the City; appropriate protections need to be in place to protect the community and retain SunCal unless a mutual decision is made that the project would not work or would not be feasible; a commitment was made to SunCal, not to a third party.

Councilmember/Board Member/Commissioner Matarrese stated the purpose of the ENA is to drive the City to a Development Agreement with SunCal as the selected developer.

Councilmember Matarrese moved approval of the staff recommendation including a provision stating that the City could terminate the ENA if SunCal is terminated for reasons other than illegal activity or other malfeasance; the timeline being capped to take out some of the flexibility for an automatic extension; milestones being adjusted to meet the current progress and state of the project; and the matter being brought back for public review.

Mayor/Chair Johnson requested that the motion include language for material cause for termination.

Councilmember/Board Member/Commissioner Matarrese agreed to amend the motion.

Councilmember/Board Member/Commissioner deHaan requested clarification regarding the timeline.

Councilmember/Board Member/Commissioner Matarrese stated the timeline should be capped to take away the automatic extension flexibility in the current ENA; staff would come back with a proposal.

Councilmember/Board Member/Commissioner deHaan inquired who was the original financial partner.

The Base Reuse and Community Development Manager responded SunCal anticipated self-financing the ENA period; stated SunCal identified the need to bring on a financial partner sooner given the real estate market.

Councilmember/Board Member/Commissioner deHaan stated Lehman Brothers has an investment in the project.

The Base Reuse and Community Development Manager stated Lehman Brothers has some holdings within D.E. Shaw; D.E. Shaw is a \$40-\$50

billion hedge fund; D.E. Shaw is SunCal's existing partner for a big project in Albuquerque, New Mexico.

Councilmember/Board Member/Commissioner deHaan inquired how D.E. Shaw builds assets.

The Base Reuse and Community Development Manager responded D.E. Shaw is a typical hedge fund; stated D.E. Shaw's wherewithal to finance obligations pursuant to the ENA has been verified.

Mayor/Chair Johnson inquired whether Lehman Brothers was ever a partner of the Alameda Point project, to which the Base Reuse and Community Development Manager responded in the negative.

The Assistant City Manager stated D.E. Shaw is a privately held hedge fund; investors are confidential.

Councilmember/Board Member/Commissioner Gilmore stated cross-default is a concern because of all the projects that SunCal and D.E. Shaw have together; the City wants to ensure that any ripples stop before reaching Alameda if something happens to another SunCal project.

Councilmember/Board Member/Commissioner Matarrese restated the motion to move approval of the staff recommendation with direction to: 1) negotiate a second amendment to the ENA, which would include a provision that the City would have the right to terminate the ENA if SunCal was removed for any reason other than illegal activity or material cause; 2) place a cap on the timeline to remove the flexibility of an automatic extension; 3) insulate against the possibility of cross defaults; and 4) establish mandatory milestones which would be synced with the status of the project.

Vice Mayor/Board Member/Commissioner Tam seconded the motion.

On the call for the question, the motion carried by unanimous voice vote - 5.

(ARRA) Oral report from Member Matarrese, Restoration Advisory Board (RAB) representative.

Board Member Matarrese stated the August 13, 2008 Chronicle had an article about the Army giving the Fort Ord Reuse Authority 3,300 acres and \$100 million for remediation; inquired whether information is true, to which the Assistant City Manager responded in the affirmative.

Board Member Matarrese stated the City needs to talk to its federal elected officials to find out why the City cannot get less acreage at no cost and receive money for cleanup.

Chair Johnson inquired whether \$100 million is enough to clean up the contamination.

The Assistant City Manager responded the Environmental Protection Agency (EPA) believes the amount is sufficient; stated the Army would be liable for the waste.

Board Member deHaan stated the [Fort Ord] Reuse Authority would be dissolved once the land is transferred.

Chair Johnson stated cleanup would be privatized; working with the Army is different than working with the Navy.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Meeting at 8:43 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.